

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1569-01
Bill No.: HJR 29
Subject: Veterans; Lotteries; Constitutional Amendments
Type: Original
Date: February 28, 2011

Bill Summary: Proposes a constitutional amendment requiring the State Lottery Commission to develop and sell a Veterans' Lottery Ticket with proceeds going to the Veterans' Commission Capital Improvement Trust Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 or (More than \$7,000,000)	\$0 or (More than \$7,000,000)	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 or (More than \$7,000,000)	\$0 or (More than \$7,000,000)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Lottery Proceeds Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Veterans' Commission Capital Improvements Trust Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, Joint Resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article I, Section 26, 27, 28 of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2012. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in February 2012 (FY 2012). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2012.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an

ASSUMPTION (continued)

election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2012 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November 2012 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2012.

Officials from the **State Treasurer's Office** and **Missouri Veterans' Commission** assume there will be no fiscal impact to their agency.

Officials from the **Missouri Lottery (LOT)** assume this proposal would divert lottery proceeds funding away from education, requiring General Revenue to be used to absorb the shortfall.

Overall sales and expenditures are assumed to be unaffected; the veterans' lottery ticket instead would displace an equivalent existing game. The state fiscal impact estimate assumes average annual sales for a \$2 instant game ticket. If a \$1 instant game ticket is assumed, fiscal impact would be slightly less negative (\$6 million to \$7 million in lost sales per year). The estimate also assumes total sales of the veterans' ticket will be diverted. If net proceeds is assumed instead, the fiscal impact would be negative \$2.5 million per year for a \$2 instant ticket and a negative \$2 million per year for a \$1 instant game ticket.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume they have received Lottery funds since 1994. During the last three fiscal years, DESE has received the following proceeds from Lottery sales:

2008	\$181,442,919
2009	\$181,949,215
2010	\$179,434,984

Developing a "Veteran's Lottery Ticket" and depositing the proceeds into the Veterans' Commission Capital Improvements Trust Fund will likely significantly impact DESE's proceeds; however, we cannot determine to what extent.

This proposal may reduce General Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Expense</u> - reimbursement of local political subdivisions for special election costs	\$0 or (More than <u>\$7,000,000</u>)	\$0 or (More than <u>\$7,000,000</u>)	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (More than <u>\$7,000,000</u>)	\$0 or (More than <u>\$7,000,000</u>)	<u>\$0</u>
MISSOURI LOTTERY FUND			
<u>Loss</u> - Lottery Proceeds Fund	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON MISSOURI LOTTERY FUND	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
VETERANS' COMMISSION CAPITAL IMPROVEMENTS TRUST FUND			
<u>Revenue</u> - Veterans' Commission Capital Improvements Trust Fund	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON VETERANS' COMMISSION CAPITAL IMPROVEMENTS TRUST FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT - Local Government

FY 2012
 (10 Mo.)

FY 2013

FY 2014

LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0 or More than \$7,000,000	\$0
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<u>Expense</u> - cost for special election	\$0 or (More than \$7,000,000)	\$0 or (More than \$7,000,000)	\$0
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<u>Loss</u> - Lottery Proceeds for Education	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

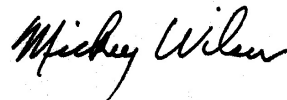
FISCAL DESCRIPTION

Upon voter approval, this proposed constitutional amendment requires the Missouri Lottery Commission to develop and sell a Veterans' Lottery Ticket with proceeds going to the Veterans' Commission Capital Improvement Trust Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Missouri Veterans' Commission
State Treasurer's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 28, 2011